

ENVIRONMENTAL PROTECTION

Overview

Background. The California Environmental Protection Agency (Cal-EPA) is charged with implementing federal and state environmental quality standards. This is done through regulatory programs and incentive programs that seek to improve the quality of the environment for all Californians. The Cal-EPA is led by the Secretary for Environmental Protection and the agency oversees the following boards, departments, and office.

Boards:

- Air Resources Board
- Integrated Waste Management Board
- State Water Resources Control Board
(including the nine Regional Water Quality Control Boards)

Departments:

- Department of Pesticide Regulation
- Department of Toxic Substances Control

Office:

- Office of Environmental Health Hazard Assessment

Governor's Budget. The Governor's Budget proposes \$1.1 billion to support Cal-EPA in 2006-07. This is 28 percent less than the level of expenditures estimated in the current year primarily due to a reduction in resources bond funds available for appropriation. The General Fund support for the agency has been reduced by \$6.7 million primarily due to one-time costs in the current year associated with the state's takeover of a toxic landfill in Southern California.

Total State Fund Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
State Operations	\$1,020,908	\$1,008,055	-\$12,853	-1.3
Local Assistance	530,982	112,006	-418,976	-78.9
Capital Outlay	4,066	1,120	-2,946	-72.5
Total	\$1,555,956	\$1,121,181	-\$434,775	-27.9
Funding Source				
General Fund	\$78,100	\$71,424	-\$6,676	-8.5
Special Funds	993,495	980,557	-12,938	-1.3
Bond Funds	484,361	69,200	-415,161	-85.7
Total	\$1,555,956	\$1,121,181	-\$434,775	-27.9

Highlights

Infrastructure Bond. The Governor has proposed a Strategic Growth Plan for the state that includes \$223 billion in infrastructure investments over the next 10 years. Approximately \$68 billion of this proposal is funded by new general obligation bonds. The plan includes \$2 billion for air quality improvements for the ports, including \$1 billion in new general obligation bonds and \$1 billion in matching funds from the private sector. This proposal is included in the transportation bond (SB 1165, Dutton). The 2006-07 budget does not contain expenditures from this bond.

Environmental Enforcement. The Governor proposes \$6.1 million in special funds to strengthen environmental enforcement efforts throughout the Cal-EPA Agency.

Climate Change Initiative. In June 2005, the Governor signed Executive Order S-3-05 which sets greenhouse gas emission reduction targets for California, including reducing greenhouse gas emissions to 2000 levels by 2010. The Governor directed the Secretary of Cal-EPA to coordinate oversight of the efforts to meet these targets and requires a report to the Governor and the Legislature on the progress in meeting these targets starting in January 2006. The Governor's Budget includes \$7.2 million (\$135,000 General Fund) to implement this initiative. The majority of the funding is for the Air Resources Board and Secretary for Environmental Protection, but activities are also funded at the California Energy Commission, California Public Utilities Commission, and the Integrated Waste Management Board.

Issues

Infrastructure Bond. The Legislature may wish to review how the infrastructure investments proposed in the Governor's Strategic Growth Plan will protect and restore the state's environment. Specifically, the Legislature may wish to review the adequacy of the \$1 billion proposed for air quality related to the state's goods movement corridors. The Legislature may also wish to evaluate infrastructure investments that may be added to the bond to protect the State's environment, including funding for improved land use planning and the clean up of contaminated brownfield properties.

Oversight of Enforcement. During 2005 the Office of the Secretary for Environmental Protection prepared a review of environmental enforcement across Cal-EPA boards and departments. This study highlighted areas for improvement in existing enforcement programs and indicated that 11 separate enforcement related projects were being implemented with existing staff resources. As part of the 2005-06 budget process, the Legislature requested a report on the status of implementing the administration's enforcement initiative, including how the 2006-07 budget facilitates implementation of the initiative and what metrics are being used to track improvement in the performance of enforcement programs agency wide.

Climate Change Initiative. The Governor has identified several actions in the budget to help in meeting the greenhouse gas emission reduction targets set in the June 2005 Executive Order. However, it is not clear that these actions are sufficient to meet these targets. The Legislature will need to review the Climate Action Team Report released by Cal-EPA and determine whether the recommended budget actions are sufficient in making progress to reduce greenhouse gas emissions according to the schedule set by the Governor.

0555 Secretary for Environmental Protection

Background. The Secretary for Environmental Protection heads the California Environmental Protection Agency (Cal-EPA). The Secretary is responsible for overseeing and coordinating the activities of the boards, departments, and office under the jurisdiction of Cal-EPA.

Governor's Budget. The Governor's Budget proposes \$9.2 million to support the Secretary for Environmental Protection. This is a 60 percent increase over estimated expenditures in the current year due to budget proposals that transfer resources from boards and departments within Cal-EPA to the Secretary's office. General Fund support for the Secretary is proposed to increase by about \$650,000 due to these budget proposals.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Administration	\$10,196	\$13,363	\$3,167	31.1
Total	\$10,196	\$13,363	\$3,167	31.1
Funding Source				
General Fund	\$1,321	\$1,968	\$647	49.0
Special Funds	4,467	7,202	2,735	61.2
<i>Budget Act Total</i>	<i>5,788</i>	<i>9,170</i>	<i>3,382</i>	<i>58.4</i>
Reimbursements	2,017	1,805	-212	-10.5
State Water Quality Control Fund	117	167	50	42.7
Environmental Enforcement and Training Account	2,124	2,066	-58	-2.7
Environmental Education Account	150	155	5	3.3
Total	\$10,196	\$13,363	\$3,167	31.1

Highlights

Consolidation of Administrative Functions. The Governor's Budget includes the redirection of 22 positions and \$2.1 million from Cal-EPA boards, departments, and office to the Secretary to centralize administrative functions such as mail and facilities management. This proposal implements legislation that was enacted as part of the budget process in 2004-05.

Coordination of California-Mexico Border Environmental Efforts. The Governor's Budget includes the redirection of 5 positions and \$619,000 from Cal-EPA boards to the Secretary to support agency-wide policy and program coordination of California-Mexico border environmental efforts.

Climate Change Initiative. The Governor's Budget includes \$900,000 (\$135,000 General Fund) to lead a coordinated statewide effort to meet the greenhouse gas emission reduction targets set by the Governor, including economic analysis and inventory improvements.

Issues

Funding Environmental Education. The Education and Environment Initiative is an initiative implemented by the Integrated Waste Management Board that requires school boards to include environmental principles in their instructional materials. In the current year, this program is being funded entirely from tipping fees on the disposal of waste at landfills. This funding source does not reflect the broad scope of the initiative. The Legislature requested that the Secretary prepare a report on a balanced funding mix for implementing this initiative. The Legislature may want to review this report and consider adopting a more balanced funding mix for the program.

3900 Air Resources Board

Background. The Air Resources Board (ARB), along with 35 local air pollution control and air quality management districts, protects the state's air quality. The local air districts regulate *stationary sources* of pollution and prepare local implementation plans to achieve compliance with federal and state standards. The ARB is responsible primarily for the regulation of *mobile sources* of pollution and for the review of local district programs and plans. The ARB also establishes air quality standards for certain pollutants, administers air pollution research studies, and identifies and controls toxic air pollutants.

Governor's Budget. The Governor's Budget proposes \$248 million to support the ARB in 2006-07. This is a 2 percent reduction from estimated expenditures in the current year due to one-time expenditures in the 2005-06 budget to retrofit old school buses and purchase air pollution control and monitoring equipment. General Fund support for ARB remains relatively unchanged in the budget year.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Mobile Source	\$216,948	\$210,045	-\$6,903	-3.2
Stationary Source	43,382	43,985	603	1.4
Subvention	10,111	10,111	0	0.0
Capital Outlay	103	1,120	1,017	987.4
Administration	11,619	11,074	-545	-4.7
<i>less distributed administration</i>	<i>-11,619</i>	<i>-11,074</i>	<i>545</i>	<i>0.0</i>
Total	\$270,544	\$265,261	-\$5,283	-2.0
Funding Source				
General Fund	\$2,211	\$2,280	\$69	3.1
Special Funds	251,363	245,399	-5,964	-2.4
<i>Budget Act Total</i>	<i>253,574</i>	<i>247,679</i>	<i>-5,895</i>	<i>-2.3</i>
Federal Trust Fund	12,389	12,892	503	4.1
Reimbursements	4,581	4,690	109	2.4
Total	\$270,544	\$265,261	-\$5,283	-2.0

Highlights

Infrastructure Bond. The Governor's Strategic Growth Plan includes \$2 billion for air quality improvements for the ports, including \$1 billion in new general obligation bonds that is projected to leverage \$1 billion in matching funds from the private sector. These bonds are included in the Governor's transportation-related bond (SB 1165, Dutton) and do not have an impact on the 2006-07 budget.

Implements Hydrogen Highway Blueprint. The Governor's Budget includes \$6.5 million in special funds for the second year of implementation of the Governor's Hydrogen Highway Blueprint. This funding will leverage private matching funds to construct three publicly accessible hydrogen fueling stations and will enable the state to leverage federal matching funds for five fuel cell buses to be used in public transit fleets.

Climate Change Initiative. The Governor's Budget includes \$5.2 million in special funds to fund new greenhouse gas emission reduction strategies identified by the Climate Action Team. The funding will support 15.5 new positions (\$1.9 million) and \$3.3 million in one-time contracts to develop new strategies for reducing greenhouse gas emissions. These strategies include: increasing the use of bio-diesel fuel; electrification of port facilities; reducing hydro-fluorocarbon emissions from refrigerators and air conditioning units; and various other strategies.

Environmental Enforcement. The Governor's Budget includes \$4 million in special funds to increase the ARB's enforcement presence and improve the effectiveness of the board's existing enforcement programs. The funding will support 20 new positions (\$2.8 million) and \$1.3 million for one-time equipment purchases to meet field enforcement and laboratory needs.

Development of Mitigation for Goods Movement Activities. The Governor's Budget includes \$1.7 million in special funds to demonstrate new technologies and develop mitigation measures to address the pollution created by goods movement activities. The funding will support eight new positions (\$1 million) and \$700,000 in contracts to evaluate, develop, and implement both regulatory and non-regulatory strategies to reduce air pollution from ports, rail yards, and inter-modal facilities.

Expand Innovative Clean Air Technologies Grant Program. The Governor's Budget includes \$2 million in special funds for a one-time expansion of the Innovative Clean Air Technology Grant Program. The expansion would be used to accelerate the commercialization of new and innovative technologies for reducing greenhouse gas emissions.

Equipment for Heavy-Duty Emission Testing. The Governor's Budget includes \$1 million in one-time special funds for contracts and to purchase additional equipment to accurately measure particulate matter emissions from heavy-duty diesel vehicles.

Issues

Hydrogen Highway Implementation. The administration is currently implementing the first year of the Hydrogen Highway Blueprint. Legislation was adopted as part of the 2005-06 budget process to guide this implementation of the Blueprint. The legislation required the administration to utilize at least 33 percent of new or renewable energy resources in the production of the hydrogen and to evaluate the impacts of the Blueprint on low-income communities. The Legislature may wish to review the administration's implementation of the

Hydrogen Highway Blueprint to determine whether its activities are consistent with this legislation.

NAFTA-Related Air Emissions. In June of 2004, the U.S. Supreme Court ruled that a full environmental assessment was not needed to implement the transportation provisions of NAFTA. Consequently, free commercial travel has been expanded and an additional 35,000 heavy-duty commercial vehicles are expected to cross into the U.S. from Mexico daily. The additional air pollution created by Mexico's truck fleet was not accounted for when the state developed its State Implementation Plan for meeting federal clean air requirements. The Legislature has requested a report from ARB on the increases in emissions related to free commercial travel between the U.S. and Mexico. The Legislature may wish to review this report and determine whether the administration has adequately addressed NAFTA-related air emissions.

3910 Integrated Waste Management Board

Background. The California Integrated Waste Management Board (CIWMB), in conjunction with local agencies, is responsible for promoting waste management practices aimed at reducing the amount of waste that is disposed in landfills. The CIWMB administers various programs that promote waste reduction and recycling, with particular programs for waste tire and used oil recycling. The board also regulates landfills through a permitting, inspection, and enforcement program that is mainly carried out by local enforcement agencies that are certified by the board. In addition, CIWMB oversees the cleanup of abandoned solid waste sites.

Governor's Budget. The Governor's Budget proposes \$190 million to support CIWMB in the budget year. This is approximately 5 percent less than in the current year due to revised expenditure projects for the Electronic Waste and Used Oil Recycling programs. The board does not receive any General Fund support.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Waste Reduction and Management	\$201,679	\$191,906	-\$9,773	-4.8
Administration	8,874	8,874	0	0.0
<i>less distributed administration</i>	-8,874	-8,874	0	0.0
<i>less loan repayments</i>	-1,363	-1,694	-331	0.0
Total	\$200,316	\$190,212	-\$10,104	-5.0
Funding Source				
Special Funds	\$199,532	\$189,422	-\$10,110	-5.1
Bond Funds	141	141	0	0.0
<i>Budget Act Total</i>	199,673	189,563	-10,110	-5.1
Federal Trust Fund	91	91	0	0.0
Special Deposits Fund	345	351	6	1.7
Reimbursements	207	207	0	0.0
Total	\$200,316	\$190,212	-\$10,104	-5.0

Highlights

Augments Tire Recycling Programs. The Governor's Budget includes \$5.2 million in special funds to expand enforcement efforts and increase the board's tire recycling efforts. The funds will support three new positions (\$230,000) to enhance enforcement and \$5 million in additional Rubberized Asphalt Concrete grants.

Augments Electronic Waste Recycling Program. The Governor's Budget includes \$1 million in special funds to fund 12 new positions to handle the workload associated with the Electronic Waste Recycling Program. A higher volume of claims are being received by the board than can be handled under current staffing levels.

Environmental Enforcement. The Governor's Budget includes \$223,000 in special funds to fund three new positions to investigate fraud in the Electronic Waste Recycling Program.

Climate Change Initiative. The Governor's Budget includes \$466,000 in special funds to fund three new positions to expand existing efforts to capture methane from landfills and enhance recycling efforts to meet the Governor's greenhouse gas emission reduction targets.

Issues

Financial Assurances for Landfills. The state recently took over operations of the BKK Class I landfill in West Covina, California, after the BKK Corporation informed the state that it was on the verge of bankruptcy and would no longer be able to fund post closure operations. Taking over management of the BKK landfill has cost the state well over \$15 million General Fund and has also raised concerns about the financial assurances in place to maintain landfills after they close. Currently, the state requires landfill operators to maintain landfills 30 years after they are closed. However, many landfills do not have adequate financial assurances for the 30 years and virtually no landfills have plans for maintenance past 30 years. This is a growing problem in California since half of the state's landfills will be closed by 2009. The Legislature may wish to evaluate alternatives to addressing this forthcoming problem.

Reforming the Waste Board. The Waste Board has been recommended for elimination many times over the past several years. Most recently, the LAO and the Governor's California Performance Review recommended that the board be eliminated. Furthermore, the board currently has an even number of members, which has made it difficult to resolve split decisions. The Legislature may wish to consider reforming the board's structure to improve the effectiveness and efficiency of the state's recycling programs and waste regulation.

Consolidating State Recycling Programs. The LAO has recently recommended consolidating the state's recycling programs under a new Department of Recycling and Waste Prevention at Cal-EPA. Currently, recycling programs are divided between the Department of Conservation and the Waste Board. The LAO finds that the current structure misses opportunities to develop more comprehensive strategies for reducing waste from multiple sources. The Legislature may wish to consider reorganizing the state's recycling programs to consolidate and improve the effectiveness of these programs.

3930 Department of Pesticide Regulation

Background. The Department of Pesticide Regulation (DPR) administers programs to protect the public health and the environment from unsafe exposures to pesticides. The department (1) evaluates the public health and environmental impact of pesticides use; (2) regulates, monitors, and controls the sale and use of pesticides in the state; and (3) develops and promotes the use of reduced-risk practices for pest management. The department is funded primarily by an assessment on the sale of pesticides in the state.

Governor's Budget. The Governor's Budget proposes \$59 million to support DPR in 2006-07, which is approximately the same level of expenditures as in the current year. The department does not receive any General Fund support.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Registration and Health Evaluation	\$18,446	\$-	\$-	-
Pest Management and Environmental Activities	42,262	-	-	-
Pesticide Programs	-	62,115	-	-
Administration	8,822	8,941	119	1.3
<i>less distributed administration</i>	-8,822	-8,941	-119	0.0
Total	\$60,708	\$62,115	\$1,407	2.3
Funding Source				
Special Funds	\$58,035	\$59,434	\$1,399	2.4
<i>Budget Act Total</i>	<i>58,035</i>	<i>59,434</i>	<i>1,399</i>	<i>2.4</i>
Federal Trust Fund	2,194	2,202	8	0.4
Reimbursements	479	479	0	0.0
Total	\$60,708	\$62,115	\$1,407	2.3

Highlights

Environmental Enforcement. The Governor's Budget includes \$425,000 in special funds to support four new positions to ensure that all sellers of pesticides are in compliance with licensing and pesticide product registration requirements.

Department Reorganization. The Governor's Budget proposes to reorganize the department to consolidate the Registration and Health Evaluation branch with the Pest Management, Environmental Monitoring, Enforcement, and Licensing branch.

Issues

Mill Assessment Collections. An audit by the department of Long's Drug Stores found that nonpayment of the mill assessment on pesticide products legally registered in California was common. In addition, illegal sales of nonregistered pesticide products was also common statewide. In response to this finding, the department sponsored legislation (AB 1011, Matthews) that was signed into law to require the universe of retail pesticide handlers and sellers to acquire a broker's license to sell pesticides. The department asserts that this will enable the collection of mill assessment on all pesticide products sold in California. The Legislature may wish to follow up on the implementation of this law, including estimates for increased collections.

Department Reorganization. The Governor's Budget proposes to consolidate the department's two branches into one single branch. The Legislature may wish to evaluate the impact of this proposed reorganization on program delivery and program accountability. There have been ongoing concerns regarding the independence of the department's risk assessment activities from its risk management functions. The Legislature may also wish to evaluate the impact of the reorganization on the separation of these functions.

Risk Assessment Activities. There has been significant criticism of the length of time it takes the department to complete its human health risk assessments. There has also been concern about the department's process in determining final human health risk assessments especially when scientific findings are disputed. The Legislature has requested a report from the department on the number of risk assessments the department has completed and a documentation of the process the department uses to make its final human health risk assessments. The Legislature may wish to review this report to determine if changes are needed to the current system.

3940 State Water Resources Control Board

Background. The State Water Resources Control Board (SWRCB), in conjunction with nine semi-autonomous regional boards, regulates water quality in the state. The regional boards—which are funded by the state board and are under the state board's oversight—implement water quality programs in accordance with policies, plans, and standards developed by the state board.

The board carries out its water quality responsibilities by (1) establishing wastewater discharge policies and standards; (2) implementing programs to ensure that the waters of the state are not contaminated by underground or aboveground tanks; and (3) administering state and federal loans and grants to local governments for the construction of wastewater treatment, water reclamation, and storm drainage facilities. Waste discharge permits are issued and enforced mainly by the regional boards, although the state board issues some permits and initiates enforcement actions when deemed necessary.

The state board also administers water rights in the state. It does this by issuing and reviewing permits and licenses to applicants who wish to take water from the state's streams, rivers, and lakes.

Governor's Budget. The Governor's Budget proposes \$462 million to support SWRCB in the budget year. This proposal is approximately \$400 million less than current year expenditure levels, mainly due to a reduction in bond funding available for appropriation. The budget proposes a slight reduction in General Fund support for the board due to a redirection of positions to the Secretary for Environmental Protection to coordinate environmental issues related to the California/Mexico border region.

Summary of Expenditures (dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Water Quality	\$1,027,553	\$618,834	-\$408,719	-39.8
Water Rights	12,717	13,428	711	5.6
Administration	17,706	17,222	-484	-2.7
<i>less distributed administration</i>	<i>-17,706</i>	<i>-17,222</i>	<i>484</i>	<i>0.0</i>
Total	\$1,040,270	\$632,262	-\$408,008	-39.2
Funding Source				
General Fund	\$29,694	\$28,760	-\$934	-3.1
Special Funds	355,730	363,634	7,904	2.2
Bond Funds	484,220	69,059	-415,161	-85.7
<i>Budget Act Total</i>	<i>869,644</i>	<i>461,453</i>	<i>-408,191</i>	<i>-46.9</i>
Federal Trust Fund	128,835	128,898	63	0.0
Reimbursements	9,913	9,999	86	0.9
State Water Quality Control Fund	22,441	22,197	-244	-1.1
State Water Pollution Control				
Revolving Fund	-2,682	-2,682	0	0.0
Petroleum Underground Storage				
Tank Financing Account	12,118	12,397	279	2.3
Total	\$1,040,269	\$632,262	-\$408,007	-39.2

Highlights

Water Quality Monitoring. The Governor's Budget includes \$8.5 million in special and federal funds to improve the existing Surface Water Ambient Monitoring Program. About \$4 million of this increase is proposed as a one-time augmentation to expand water monitoring infrastructure. The board has broad deficiencies in its current ambient water monitoring program and lacks critical information needed to support management decisions. Specifically, the Total Maximum Daily Loads (TMDL) program, agriculture waiver program, and basin planning activities are in critical need of better water quality monitoring data. Funding this program will result in a \$4 million increase to National Pollutant Discharge Elimination System (NPDES) permit fees.

Water Rights Program. The Governor's Budget includes \$3.6 million in special funds to improve the efficiency of the water rights program in processing water rights applications. The funds will support six new positions (\$669,000) to aid in reducing the current backlog of water right applications and change petitions. The remaining funding will be used to fund a one-time investment in information technology upgrades to the board's water rights database management and tracking system.

Basin Planning Updates. The Governor's Budget includes \$1 million in special funds to provide scientific data needed to update water quality standards contained in existing basin plans. Water quality standards are the basis for the board's entire regulatory program. However, due to a lack of basic monitoring data for updating these standards, the board's permitting programs have become more complex and less scientifically based. These additional contract funds will help to address this deficiency.

Water Quality Grant Funds. The Governor's Budget includes \$57 million in local assistance grant funding from Proposition 13 and 50 resources bonds. The bond funds are allocated to the following programs consistent with the bond acts.

- Integrated Regional Water Management Grants (\$20 million -- Prop 50).
- Water Recycling Grants (\$7 million Prop 13 and \$950,000 -- Prop 50).
- Groundwater Monitoring Program (\$10 million -- Prop 50).
- Drinking Water Quality Grants (\$3.4 million -- Prop 50).
- Non-Point Source Pollution Control Program Grants (\$4.8 million -- Prop 13).
- Coastal Non-Point Source Pollution Control Program Grants (\$1.5 million -- Prop 13).
- Watershed Protection Grants (\$3 million -- Prop 13 and \$6 million Prop -- 50).

Issues

Oceangoing Ship Discharges. Legislation has been enacted over the last several years to regulate the discharges from cruise ships. Legislation (SB 771, Simitian) to extend these regulations to other oceangoing ships was enacted last year. However, the administration indicated that it needed to receive authorization from the federal government before it could implement these regulations. The Legislature may wish to follow up on the status of the board's application to the federal government to initiate this new program.

3960 Department of Toxic Substances Control

Background. The Department of Toxic Substances Control (DTSC) regulates hazardous waste management, cleans up or oversees the cleanup of contaminated hazardous waste sites, and promotes the reduction of hazardous waste generation. The department is funded by fees paid by persons that generate, transport, store, treat, or dispose of hazardous wastes; environmental fees levied on most corporations; the General Fund; and federal funds.

Governor's Budget. The Governor's Budget proposes \$132 million to support DTSC in 2006-07. This is approximately \$13 million less than estimated expenditures in the current year. This

reduction is due to one-time expenditures in the current year related to the state's takeover of the BKK Class I landfill and reductions to the Toxic Substances Control Account to balance the fund. The department's General Fund expenditures are also proposed to decline in the budget year due to one-time expenditures related to the BKK Class I landfill in the current year.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Site Mitigation and Brownfields				
Reuse	\$103,905	\$93,261	-\$10,644	-10.2
Hazardous Waste Management	65,478	64,181	-1,297	-2.0
Science, Pollution Prevention, and Technology	10,834	10,148	-686	-6.3
State as Certified Unified Program Agency	-	1,156	-	-
Capital Outlay	3,963	-	-	-
Administration	34,483	30,464	-4,019	-11.7
<i>less distributed administration</i>	<i>-34,483</i>	<i>-30,464</i>	<i>4,019</i>	<i>0.0</i>
Total	\$184,180	\$168,746	-\$15,434	-8.4
Funding Source				
General Fund	\$26,474	\$22,689	-\$3,785	-14.3
Special Funds	119,087	109,663	-9,424	-7.9
<i>Budget Act Total</i>	<i>145,561</i>	<i>132,352</i>	<i>-13,209</i>	<i>-9.1</i>
			0	0.0
Federal Funds	25,536	26,258	722	2.8
Reimbursements	13,083	10,136	-2,947	-22.5
Total	\$184,180	\$168,746	-\$15,434	-8.4

Highlights

Environmental Enforcement. The Governor's Budget proposes \$1.5 million in special funds to enhance existing enforcement efforts related to the Electronic Waste Recycling program. These funds will support 14.5 additional positions to identify and regulate electronic hazardous waste and ensure that electronic waste recyclers and processors are complying with the law.

Balancing the Toxic Substances Control Account. The Governor proposes to address the \$12 million operating deficit in the Toxic Substances Control Account over a two-year period. This fund is the primary funding source for the department's Site Mitigation and Brownfields Reuse and Pollution Prevention programs. The budget proposal includes expanding the environmental fee to cover all businesses with 50 employees or more and reducing DTSC programs by \$5.5 million over a two-year period.

Restoring Closed Military Bases. The Governor's Budget includes \$209,000 in federal funds to support two positions to provide oversight for the investigation and clean up of McClellan Air Force Base and Fort Ord Army Base.

Regulating Chrome Plating Facilities. The Governor's Budget includes \$85,000 to fund one position to develop a program to assist in the upgrade or purchase of environmental control technologies for chrome plating facilities. This position will be used to develop a loan guarantee program and establish a model shop program.

3980 Office of Environmental Health Hazard Assessment

Background. The Office of Environmental Health Hazard Assessment (OEHHA) identifies and quantifies the health risks of chemicals in the environment. It provides these assessments, along with its recommendations for pollutant standards and health and safety regulations, to the boards and departments in the California Environmental Protection Agency and to other state and local agencies. The OEHHA also provides scientific support to environmental regulatory agencies.

Governor's Budget. The Governor's Budget proposes \$14 million to support OEHHA in the budget year. This is a slight increase in funding from the estimated expenditures in the current year due to new budget proposals. General Fund support for OEHHA remains relatively unchanged in the budget year.

Summary of Expenditures				
(dollars in thousands)	2005-06	2006-07	\$ Change	% Change
Type of Expenditure				
Health Risk Assessment	\$15,726	\$16,385	\$659	4.2
Administration	2,985	3,011	26	0.9
<i>less distributed administration</i>	-2,985	-3,011	-26	0.0
Total	\$15,726	\$16,385	\$659	4.2
Funding Source				
General Fund	\$8,303	\$8,377	\$74	0.9
Special Funds	5,281	5,803	522	9.9
<i>Budget Act Total</i>	<i>13,584</i>	<i>14,180</i>	<i>596</i>	<i>4.4</i>
Federal Trust Fund	500	500	0	0.0
Reimbursements	1,642	1,705	63	3.8
Total	\$15,726	\$16,385	\$659	4.2

Highlights

Additional Proposition 65 Funding. The Governor's Budget includes \$266,000 in special funds to augment the department's Proposition 65 program. These funds will be used to support

2 new positions to identify “safe” levels (levels that do not pose a significant health risk) for substances listed under Proposition 65 as causing cancer or reproductive toxicity.

Lead in Candy. The Governor’s Budget includes \$125,000 in special funds to support one two-year limited-term position to implement recent legislation (AB 121, Vargas) that requires OEHHA to set a maximum lead standard for certain candies.

Risks of Alternative Dry Cleaning Methods. The Governor’s Budget includes \$50,000 to support 0.5 positions to implement legislation enacted in 2003 (AB 998, Lowenthal) that requires OEHHA to evaluate health risks of alternative dry cleaning methods to perchloroethylene, which is a toxic air contaminant.

Issues

Adequacy of Funding. The Office of Environmental Health Hazard Assessment has suffered significant General Fund reductions. However, efforts have been made to find other appropriate funding sources for the office over the past few years. Nevertheless, OEHHA has identified a \$6 million funding shortfall to meet its statutory mandates. The Legislature may wish to evaluate additional funding for OEHHA’s activities.